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**CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
TOLEDO**

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

V.

MARK S. HAUKEDAHL,

Defendant.

INDICTMENT

3:07CR00064

Cr. No.

**Title 18, United States Code,
Sections 371, 1956.**

**Title 26, United States Code,
Section 7201**

**Title 18, United States Code,
Section 982**

JUDGE JAMES G. CARR

COUNT 1

CONSPIRACY TO COMMIT MAIL FRAUD AND WIRE FRAUD

The Grand Jury charges that:

INTRODUCTION

At all relevant times herein:

1. The American Real Estate Association (AREA) was a trade name of two different Ohio corporations controlled by defendant MARK S. HAUKEDAHL. AREA operated as a membership entity, purportedly providing services, including errors and omissions insurance

ORIGINAL

coverage, to real estate agents and real estate appraisers throughout the United States who joined AREA.

2. The Noble Group (NOBLE) is the trade name of an Ohio corporation controlled by defendant MARK S. HAUKE DAHL. NOBLE operated as a membership entity, purportedly providing services, including errors and omissions insurance coverage, to real estate agents and real estate appraisers throughout the United States who joined Noble.

3. Midwest Insurance Company, Ltd. and Midwest Indemnity Company, Ltd. (collectively referred to as Midwest) were foreign corporations defendant MARK S. HAUKE DAHL established using a law firm in the Bahamas.

4. Homestake Real Estate Association, Modern Security Holdings, American Servicing Group, Outsource Business Services, and Hawkeye Management (collectively referred to as the facilitating entities) were related corporations or other artificial entities and either nominally owned AREA and NOBLE or provided administrative services to AREA and Noble.

THE CONSPIRACY

5. Beginning on approximately July 30, 1993 and continuing to approximately March 31, 2004 in the Northern District of Ohio, Western Division, and elsewhere, defendant MARK S. HAUKE DAHL, together with conspirators known and unknown to the grand jury, knowingly combined, conspired, confederated and agreed together and with each other to:

(A) devise and execute a scheme and artifice to defraud real estate agents and real estate appraisers who became members of AREA and of NOBLE and their attorneys, and for obtaining money from said members of AREA and NOBLE by means of false and fraudulent pretenses, representations, promises, and omissions, and in furtherance thereof, knowingly and

unlawfully caused to be placed in and/or delivered by United States mail or by private or commercial interstate carrier, among other items, false and fraudulent solicitations to join AREA and/or NOBLE, false and fraudulent contracts for membership in AREA and NOBLE, false and fraudulent correspondence to members of AREA and NOBLE, false and fraudulent correspondence to attorneys for members of AREA and NOBLE, checks in partial satisfaction of insurance coverage claims of members of AREA and NOBLE, and checks in partial payment of fees due attorneys representing members of AREA and NOBLE, in violation of Title 18, United States Code, Section 1341;

(B) devise and execute a scheme and artifice to defraud real estate agents and real estate appraisers who became members of AREA and of NOBLE and their attorneys, and for obtaining money from said members of AREA and NOBLE by means of false and fraudulent pretenses, representations, promises, and omissions, and in furtherance thereof, knowingly and unlawfully caused to be transmitted by means of wire communication in interstate commerce, among other items, false and fraudulent solicitations to join AREA and/or NOBLE, false and fraudulent contracts for membership in AREA and NOBLE, false and fraudulent correspondence to members of AREA and NOBLE, and false and fraudulent correspondence to attorneys for members of AREA and NOBLE for the purpose of executing such scheme or artifice, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS OF THE CONSPIRACY

6. It was part of the conspiracy that defendant MARK S. HAUKE DAHL and his coconspirators created AREA and NOBLE as membership entities and used them to solicit dues and transaction fees from real estate agents and real estate appraisers throughout the United

States by promising members that in return for the membership fees or transactions fees the members would be covered by a group errors and omissions insurance policy issued by Midwest.

7. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators created the facilitating entities to provide administrative services to AREA and NOBLE.

8. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators created and distributed throughout the United States advertising that falsely promised real estate agents and real estate appraisers that if they joined AREA or NOBLE they would be covered by a group errors and omissions insurance policy issued by Midwest.

9. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators created membership contracts for AREA and NOBLE that falsely promised real estate agents and real estate appraisers who joined either AREA or NOBLE they would be covered by a group errors and omissions insurance policy issued by Midwest.

10. It was further part of the conspiracy that after a new member of either AREA or NOBLE signed a membership contract, defendant MARK S. HAUKEDAHL and his coconspirators sent the new member, via fax transmission or mail, a Certificate of Membership that falsely stated the new member was covered by the Midwest errors and omissions insurance policy.

11. It was further part of the conspiracy that after a new member of either AREA or NOBLE signed a membership contract, defendant MARK S. HAUKEDAHL and his coconspirators sent the new member, via fax transmission or mail, a Certificate of Insurance that

falsely stated the new member was covered by the Midwest errors and omissions insurance policy.

12. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators sent to members of AREA and NOBLE a monthly newsletter, entitled *Association Bits and Pieces*, which sometimes falsely identified Midwest as providing the errors and omissions insurance coverage for members of AREA and NOBLE.

13. It was further part of the conspiracy that through their false representations and promises to members of AREA and NOBLE about coverage for errors and omission insurance by Midwest, defendant MARK S. HAUKEDAHL and his coconspirators caused approximately 4,500 members of AREA and NOBLE to pay to AREA and NOBLE membership fees and transaction fees totaling approximately \$11.7 million dollars during the period of approximately July 30, 1993 through March 2004.

14. It was further part of the conspiracy that when a member of either AREA or NOBLE made a claim against the Midwest errors and omission insurance policy, defendant MARK S. HAUKEDAHL and his coconspirators often made and caused to be made small disbursements of funds in partial settlement of the claims or in partial payment of the member's attorney fees, but for almost all claims intentionally did not disburse additional funds to settle the claim and/or pay attorney fees.

15. It was further part of the conspiracy that when defendant MARK S. HAUKEDAHL and his coconspirators disbursed funds to a member of AREA or NOBLE to partially settle that member's claim or to partially pay that member's attorney fees, defendant MARK S.

HAUKEDAHL and his coconspirators disbursed funds from a bank account containing members' dues and transaction fees.

16. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators concealed from the members of AREA and NOBLE that the funds they disbursed to partially settle a member's claim or to partially pay a member's attorney fees came from members' dues and transaction fees, and instead falsely informed the members the funds came from Midwest.

17. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators took steps to conceal the existence, purpose and acts done in furtherance of the conspiracy.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

In furtherance of the conspiracy, and to effectuate the objects thereof, defendant MARK S. HAUKEDAHL and his coconspirators committed, among other acts, the following overt acts in the Northern District of Ohio, Western Division and elsewhere:

18. Defendant MARK S. HAUKEDAHL caused the writing of letters concerning membership and claims of AREA and NOBLE members and caused the mailing and/or faxing of these letters to members of AREA and NOBLE and/or to their attorneys, the writing and mailing or faxing of each such letter being a separate overt act.

19. Defendant MARK S. HAUKEDAHL mailed or caused to be mailed checks to members of AREA and NOBLE and/or to their attorneys, which checks were in partial payment of claims and/or attorney fees and which checks were drawn on bank accounts containing only

funds from AREA and NOBLE member dues and fees, the mailing of each such check being a separate overt act.

All in violation of Title 18, United States Code, Section 371

COUNT 2
PROMOTION MONEY LAUNDERING

The Grand Jury realleges and incorporates by reference paragraphs 1 through 19 of Count 1 of this Indictment, and further charges that:

From on or about February 7, 2002 to March 31, 2004, in the Northern District of Ohio, Western Division, and elsewhere, the defendant MARK S. HAUKEDAHL, knowing that the property involved represented the proceeds of some form of unlawful activity, did knowingly and with the intent to promote the carrying on of specified unlawful activity, to wit, mail fraud in violation of Title 18, United States Code, Section 1341, or wire fraud in violation of Title 18, United States Code, Section 1343, conduct and attempt to conduct financial transactions affecting interstate commerce, which financial transactions in fact involved the proceeds of specified unlawful activity, that is, mail fraud in violation of Title 18, United States Code, Section 1341 or wire fraud in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

COUNT 3
INTERNATIONAL MONEY LAUNDERING

The Grand Jury realleges and incorporates by reference paragraphs 1 through 19 of Count 1 of this Indictment, and further charges that:

From on or about February 7, 2002 through October 31, 2003, in the Northern District of Ohio, Western Division and elsewhere, defendant MARK S. HAUKEDAHL, did knowingly

specified unlawful activity with the intent to promote the carrying on of specified unlawful activity in violation of Title 18, United States Code, Section 1956(a)(1)(A)(I); and

(b) knowing that the funds involved in financial transactions represented the proceeds of some form of unlawful activity and that the financial transactions were designed in whole or in part to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity, to transport, transmit, and transfer, and attempt to transport, transmit and transfer funds from places in the United States to or through places outside the United States, in violation of Title 18, United States Code, Section 1956(a)(2)(B)(I); and,

(c) knowingly to engage, attempt to engage and cause monetary transactions in criminally derived property that was of a value greater than \$10,000 and was derived from specified unlawful activity and affecting interstate or foreign commerce, in violation of Title 18, United States Code, Section 1957(a);

MANNER AND MEANS OF THE CONSPIRACY

2. It was part of the conspiracy that defendant MARK S. HAUKE DAHL and his coconspirators, knowing that the funds involved represented the proceeds of a scheme to defraud real estate agents and real estate appraisers throughout the United States, conducted and attempted to conduct financial transactions with funds fraudulently obtained from the said real estate agents and appraisers with the intent to promote the scheme to defraud said real estate agents and appraisers. Specifically, defendant MARK S. HAUKE DAHL and his coconspirators used fraudulently obtained funds to promote the scheme by: (1) paying the salaries of AREA and NOBLE employees and to other individual providing administrative services to AREA and

NOBLE; (2) paying fees to companies or entities owned or controlled by defendant MARK S. HAUKEDAHL that provided administrative services to AREA and NOBLE; (3) paying attorney fees to attorneys representing members of AREA or NOBLE; (4) disbursing settlement payments in connection with errors and omission insurance claims against members of AREA or NOBLE; (5) paying fees or salaries to coconspirators who acted as claims adjusters in the processing of claims against AREA and NOBLE members; (6) paying personal expenses of defendant MARK S. HAUKEDAHL; and (7) directly or indirectly paying, transferring, and otherwise distributing illegal profits from the fraud scheme to defendant MARK S. HAUKEDAHL.

3. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators created and used a Bahamas corporation called Modern Security Holdings, and created and used a Bahamas bank account for Modern Security Holdings, to receive proceeds of the fraud scheme defendant MARK S. HAUKEDAHL transferred and caused to be transferred from bank accounts in the United States.

4. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators transferred and caused to be transferred proceeds from the fraud scheme in amounts greater than \$10,000 to individuals and entities known and unknown to the grand jury.

5. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL and his coconspirators directed, caused and/or engaged in financial transactions totaling \$11.7 million with proceeds of the fraud scheme.

6. It was further part of the conspiracy that defendant MARK S. HAUKEDAHL took steps to conceal the existence, purpose and acts done in furtherance of the conspiracy.

OVERT ACTS

Defendant MARK S. HAUKEDAHL and others known and unknown to the grand jury knowingly engaged in the following overt acts in furtherance of the conspiracy:

7. Paid the salaries of AREA and NOBLE employees, paid fees to companies or entities owned or controlled by defendant MARK S. HAUKEDAHL that provided administrative services to AREA and NOBLE, paid attorney fees to attorneys representing members of AREA or NOBLE, disbursed settlement payments in connection with errors and omission insurance claims against members of AREA or NOBLE, paid fees or salaries to coconspirators who acted as claims adjusters in the processing of claims against AREA and NOBLE members, paid personal expenses of defendant MARK S. HAUKEDAHL, and directly or indirectly paid, transferred, and otherwise distributed illegal profits from the fraud scheme to defendant MARK S. HAUKEDAHL, each such payment or distribution of funds being a separate overt act.

8. On or about January 18, 1996, created a corporation called Modern Security Holdings in the Commonwealth of the Bahamas.

9. Opened a bank account at Barclay's Bank in the Bahamas in the name of Modern Security Holdings.

10. Transferred at least \$1,349,272 in proceeds of the ^{fraud} ~~fund~~ ^{smf} scheme from a bank account in Chicago, Illinois, to a Bahamas Barclay's Bank account in the name of Modern Security Holdings, each such transfer of funds being a separate overt act.

11. Conducted financial transactions with proceeds of the fraud scheme in amounts greater than \$10,000, each such transaction being a separate overt act.

12. Conducted financial transactions with \$11.7 million in proceeds from the fraud scheme, each such financial transaction being a separate overt act.

All in violation of Title 18, United States Code, Section 1956(h).

COUNTS 5 - 8
TAX EVASION

On or about the dates identified below, in the Northern District of Ohio, Western Division, MARK S. HAUKE DAHL, then a resident of Maumee, Ohio, did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States of America for the calendar years identified below by preparing and causing to be prepared, and by signing and causing to be signed false and fraudulent U.S. Individual Income Tax Returns which were filed with the Internal Revenue Service, wherein he intentionally underreported his taxable income for each year and intentionally underreported the amount of tax due and owing thereon for each year in the amounts identified below:

Count	Tax Year	Date Return Filed	Taxable Income Per Return	Correct Taxable Income	Tax Due and Owing Per Return	Correct Tax Due and Owing
5	2000	4/15/2001	\$1,117	\$197,146	\$5,133	\$70,638
6	2001	4/4/2002	\$320	\$161,922	\$4,961	\$56,667
7	2002	3/6/2003	<\$3,781>	\$112,767	\$3,927	\$36,898
8	2003	2/23/2004	<\$7,330>	\$300,464	\$3,789	\$85,881

All in violation of Title 26, United States Code, Section 7201.

FORFEITURE ALLEGATION

The Grand Jury realleges and incorporates by reference herein the allegations of Counts 2 through 4 of the Indictment for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982 and Title 21, United States Code, Section 853.

As a result of his violations of Title 18, United States Code, Sections 1956 and 1957 as alleged in the foregoing Indictment, MARK S. HAUKEDAHL, defendant herein, shall forfeit to the United States all property, real and personal, involved in the aforestated offenses and all property traceable to such property, including but not limited to the following:

1. Currency:

\$11,700,000 in United States currency and all interest and proceeds traceable thereto, in that such sum in aggregate is property which was involved in the aforestated offenses or is traceable to such property.

2. Corporate, Trust and Other Artificial Entity Assets:

All property in whatever form and wherever located which defendant MARK S. HAUKEDAHL owns or controls directly or indirectly through any artificial entity.

3. Substitute Assets:

If any of the forfeitable property described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;
- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the court;
- (d) Has been substantially diminished in value; or
- (e) Has been commingled with other property which cannot be subdivided

without difficulty, it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b)(1) to seek forfeiture of any other property (commonly called "substitute assets") of said defendant up to the value of the above forfeitable property.

All forfeitable pursuant to Title 18, United States Code, Section 982 and Title 21 U.S.C. § 853.

A True Bill.

Original document -- Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.